

FISCAL NOTE

SB 4215 - HB 4218

February 14, 2008

SUMMARY OF BILL: Authorizes the State of Tennessee to issue direct general obligation interest-bearing bonds in amounts not to exceed \$111.7 million. Requires \$24.0 million of the total be allocated to the Department of Finance and Administration for capital outlay and maintenance, and \$87.7 million of the total be allocated to the Department of Transportation (TDOT) for highway construction and other capital outlay and maintenance. Authorizes the funding board to issue bonds in amounts not to exceed 2.5% of the amount specified above for funding discount and costs of issuance.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$12,409,900 – 1st Year Debt Service

\$183,891,700 Over life of the bonds

\$112,817,000 Principal

\$71,074,700 Interest

(Funding for first-year debt service is included in the Governor's FY08-09 Recommended Budget)

Assumptions:

- All projects authorized by this act shall be approved by the State Building Commission.
- Bonds may be designated as college savings bonds pursuant to the Baccalaureate Education Savings for Tennessee Act.
- Cost of issuance is estimated to be 1.0% of face value.
- Principal (\$111.7 million) plus 1.0% cost of issuance (\$1,117,000) is \$112,817,000.
- Bonds will be issued for a period of 20 years at an interest rate of 6% and 1/20th of the principal plus interest will be paid annually.
- According to the Department of Finance and Administration, first-year debt service for the issuance of these bonds is included in the Governor's FY08-09 Recommended Budget (A-122).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc